



The Commonwealth of Massachusetts
Division of Registration
Leverett Saltonstall Building, Government Center
100 Cambridge Street, Boston MA 02202
Board of Registration of Real Estate
Brokers and Salespeople
617-727-2373

Real Estate Salesperson's Test
Course Outline - July, 1990
8-Three Hour Modules

<u>Module</u>	<u>Coverage</u>
1.	Property/Property Rights/Ownership
2.	Condominiums/Cooperatives/Time Sharing/ Land Use - Subdivision
3.	Contracts/Deeds
4.	Financing/Mortgages
5.	Brokerage
6.	Appraisal
7.	Fair Housing/Consumer Protection
8.	Massachusetts License Law

Board Chairman	Charles Kostoupolus
Executive Secretary	Joseph R. Autilio
Education Committee Chairman	J. Peter Regan

Real Estate Salesman's Course - July, 1990
Module 1-3 Hours
Property/Property Rights/Ownership

1. Real vs Personal Property
 - a) Fixtures
 - i) intent of the parties
 - ii) method of annexation
 - b) Tangible and Intangible
 - c) Corporeal and Incorporeal
2. Property Rights
 - a) Bundle of Rights
 - b) Control, Possession, Enjoyment, Disposition
3. Limits to Property Rights
 - a) Rights of Others
 - b) Government Rights
 - i) Eminent Domain
 - ii) Police Power
 - iii) Zoning and Building Codes
 - c) Taxation
 - d) Escheat
4. Estates
 - a) Freehold vs Non-Freehold
 - b) Freehold
 - i) Fee Simple
 - ii) Fee Simple Determinable
 - iii) Fee Upon Condition
 - iv) Life Estate (Remainder)
 - c) Concurrent Estates
 - i) Tenancy by the Entirety
 - ii) Joint Tenancy
 - iii) Tenancy in Common
5. Transfer of Rights
 - a) Deed
 - b) Will or Inheritance
 - c) Adverse Possession
 - d) Eminent Domain
 - e) Escheat
 - f) Foreclosure

6. Encumbrances and Liens
 - a) Easement
 - b) by Deed, Prescription, Necessity
 - c) License
7. Dower and Courtesy Rights
8. Water Rights
 - a) Riparian
 - b) Littoral

Real Estate Salesman's Course - July, 1990
Module 2-3 Hours
Condominiums/Cooperatives/Time Sharing
Leases and Options

1. Condominiums
 - a) Creation--Master Deed, By-law, Rules and Regulations
 - b) Unit Deed vs Master Deed
 - c) Budget Preparation
 - d) Percent of Common Ownership
 - e) Common Areas
 - f) Association and Management--Trustees
 - g) Failure to Pay Mortgage, Monthly Maintenance Fee
 - h) Closing Documents--6D Certificate, Insurance Certificate
2. Cooperatives (vs Condominiums)
 - a) Stock Certificate in Corporation
 - b) Proprietary Unit Lease for Life of Corporation
 - c) Corporation Obtains Blanket Mortgage
 - d) Taxed as One Entity
3. Time Sharing
 - a) Definition - Weekly Ownership
 - b) Exchange Organization
 - c) Maintenance and Management Fees
 - d) Ownership vs Right to Use
4. Leases and Options
 - a) Freehold vs Non-freehold
 - b) Lessor, Lessee, Term, Lease, Demised
5. Types of Tenancy
 - a) Estate/Tenancy for Years
 - b) Estate/Tenancy from Period to Period
 - c) Estate/Tenancy at Will
 - d) Estate/Tenancy at sufferance
6. Common Leases
 - a) Gross, Net (incl. triple net ex.), Percentage, Graduated

7. Obligation of Parties
 - a) Utilities
 - b) Fit for Habitation
 - c) Free of Sanitary and Building Code Violations
 - d) Avoid Waste
 - e) Security Deposit - 5% Interest - Paid Annually
8. Options
 - a) Define - Ex. Town Approval
 - b) Right of First Refusal
9. Property Management
 - a) Define, Specialty, Management Division
 - b) Collect Rents, Pay Bills, Prepare Reports
10. Miscellaneous
 - a) Assign vs Sublet
 - b) Sale of Property re Status of Leases
 - c) Ninety-nine year Lease
11. Special Attention to Lead Paint, Smoke Detectors, Discrimination to be Covered in Detail in Future Modules

Real Estate Salesman's Course - July, 1990
Module 3-3 Hours
Contracts/Deeds

1. List and define typical Real Estate Contracts
 - a) Listing, Purchase and Sale, Lease, Deed
 - b) Mortgage Note, Mortgage Deed, Option
2. Essential Elements of any Contract
 - a) Offer and Acceptance
 - b) Consideration
 - c) Legality
 - d) Competency
 - e) Consent (Duress-Notary)
3. Termination of an Offer
 - a) Death of Offeror
 - b) Time Limit
 - c) Withdrawal by Offeror
 - d) Acceptance
 - e) Revocation by Offeree
 - f) Counteroffer
4. Valid/Void/Voidable
5. Purchase and Sale Agreement
 - a) Name of Parties
 - b) Description of Land
 - c) Price/Consideration
 - d) Deposit (incl. Escrow)
 - e) Date
 - f) Signatures
6. Miscellaneous
 - a) Mass. Statute of Frauds - Written P & S
 - b) Equitable vs Legal Title
 - c) Right to Assign
7. Breach of Contract
 - a) Damages
 - b) Specific Performance
 - c) Retain Deposit
 - d) Right of Rescission
8. Deeds

- a) Grantor/Grantee
 - b) County Registry of Deeds
 - c) Book and Page Reference
 - d) Quitclaim vs Warranty vs Special Warranty
9. Elements of a Deed
- a) Identification of All Parties (et ux, et al)
 - b) Granting Clause
 - c) Consideration
 - d) Explanation of Rights Transferred
 - e) Legal Description (Metes & Bounds, Lot & Block, Gov't Survey)
 - f) Proper Execution - Signed, Sealed, Delivered
 - g) Recorded at Registry
 - i) Valid-Signed, Sealed, Delivered
 - ii) Fully Effective-Recorded-Acknowledged-Notarized
10. Torrens System - Land Court, Certificate of Title, Low Book & Page
11. Mass. Tax Stamps - \$2.28/\$500 Sell Price--Seller Expense
12. Title Search
- a) Grantors/Grantees Index
 - b) Chain of Title
 - c) Abstract of Title

Real Estate Salesman's Course - July, 1990
Module 4-3 Hours
Financing/Mortgages

1. Real Estate Cycle
 - a) Listing
 - b) Qualify Buyer
 - c) Showing
 - d) Purchase and Sale Agreement
 - e) Financing
 - f) Pass Papers
2. Financing Procedure
 - a) Mortgage Application
 - b) Bank Approval Steps
 - i) Property, Ability to Pay, Credit Check
 - c) Purchase and Sale Financing Clause
3. Types of Lending Institutions
 - a) Federal Savings and Loan
 - b) Commercial Banks
 - c) Mutual Savings Banks
 - d) Cooperative Banks
 - e) Credit Unions
 - f) Mortgage Companies
 - g) Life Insurance Companies
 - h) Private Lenders
4. Money as a Commodity
 - a) Relationship between Discount Rate, Prime Rate, Mortgage Rates
 - b) Discounts or Points
 - c) Buydowns
5. Types of Mortgages

Conventional	Purchase Money
V. A.	Junior/Second
F.H.A.	Open End
M.G.I.C.	Wraparound
Direct Reduction	Variable Rate
Construction	Balloon
Blanket	Shared Equity
Package	Negative Amortization
Demand/Open	Equity Loans

1. Assume vs "subject to"
2. Secondary Mortgage Market
 - a) Primary vs Secondary Market
 - b) Fannie Mae - FNMA - Federal National Mortgage Association
 - c) Freddie Mac - FHLMC - Federal Home Loan Mortgage Corporation
 - d) Ginnie Mae - GNMA - Government National Mortgage Association
3. Truth - in Lending - Regulation Z
 - a) Coverage - Businesses
 - b) Disclosure
 - c) Right of Rescission
 - d) Advertising
4. Mortgage Note and Mortgage Deed
 - a) Grantor/Grantee Deed
 - b) Mortgagor/Mortgagee Deed

Real Estate Salesman's Course - July, 1990
Module 5-3 Hours
Brokerage

1. Brokerage - Definition
 - a) For Consideration, Sells, Rents, Exchanges, Negotiate Financing and Options
2. Law of Agency
 - a) Single Agency - Agent of Buyer or Seller
 - b) Dual Agency - Agent of Buyer and Seller
3. Creation of Agency
 - a) Oral vs Written Agency
 - b) Expressed vs Implied Authority
4. Types of Listing
 - a) Open Listing
 - b) Exclusive Office Listing
 - c) Exclusive Right to Sell
 - d) Multiple Listing
 - e) Net Listing
5. Duties of an Agent
 - a) Fiduciary Relationship - Agent to Principal
 - b) Represent Buyer and Seller with Knowledge of Each
 - c) No Personal Interest Without Disclosure
 - d) No Co-mingling of Funds
 - e) Agent - Sub Agent / Co-Broke
6. Termination of Agency
 - a) Completion of Objective - Sold
 - b) Expiration of Time Limit
 - c) Mutual Consent
 - d) Revocation of Either Party - Damages
 - e) Death of Party
 - f) Destruction of Subject
 - g) Bankruptcy
7. Commissions
 - a) First Obtain Listing to Collect
 - b) Agreement of Parties - Usually Seller and Broker
 - c) Procuring Cause - Ready, Willing and Able Buyer
 - d) "Tristram's Landing vs Wait"

8. Broker vs Salesman
 - a) Salesman Recourse to Broker not Principal
9. Realtor - Definition Plus
10. Commission Splits
 - a) ex. Typical Co-Broke Splits
 - b) ex. Typical Listing, Selling and Office Splits

Real Estate Salesman's Course - July, 1990
Module 6-3 Hours
Appraisal

1. Define Appraisal and Value
2. Establish Appraisal Purpose
 - a) Determine Market Value
 - b) Condemnation
 - c) Basis for Taxation (Assessed Value)
 - d) Insurance Purposes
 - e) Estate Settlement
 - f) Sales Value for Owner
 - g) Loan Purposes (Loan Value)
 - h) Exchanges
3. Elements of Value
 - a) Demand
 - b) Utility
 - c) Scarcity
 - d) Transferability
4. Forces Affecting Value
 - a) Social
 - b) Economic Adjustments
 - c) Political/Government Regulations
 - d) Physical
5. Economic Principles
 - a) Supply and Demand
 - b) Change
 - c) Substitution
 - d) Highest and Best Use
 - e) Conformity/Regression
 - f) Anticipation of Future Betterments
 - g) Contribution and Overimprovement
6. Market Data Approach
 - a) Definition
 - b) Comparable Sales
 - c) Adjustment for Differences
 - d) Math Calculations
7. Income Approach
 - a) Revenue, Expense and Net Income
 - b) Capitalization Technique

- c) Gross Rent Multiplier
- d) Math Calculations

8. Cost Approach

- a) Cost of Land
- b) Cost of Reproducing Subject Property
- c) Depreciation
 - i) Physical Deterioration
 - ii) Functional Obsolescence
 - iii) Economic Obsolescence
- d) Math Calculations
 - i) $\text{Land Value} + (\text{Reproduction Cost Less Depreciation})$

Real Estate Salesman's Course - July, 1990
Module 7-3 Hours
Fair Housing/Consumer Protection

1. Basic Concepts
 - a) Protected Class
 - i) Includes: membership in class; perceived membership: association with class members
 - b) Complainant
 - i) Individual (e.g., homeseekers, real estate agents, etc.)
 - ii) Group of individuals, including minors
 - iii) Testers
 - iv) Organizations
 - c) Respondent
 - i) Property owners
 - ii) Real estate agents and agencies
 - iii) Management companies, etc.
 - d) Testing
 - i) Technique of matching
 - ii) Legitimate (not entrapment), *Havens v. Coleman* U.S. Supreme Ct. decision
 - e) Familial Status/Children
 - i) Having Children, pregnancy, adoption
2. Federal Civil Rights Act of 1866
 - a) Protected Class - Race
 - b) Prohibited Practices
 - i) All discriminatory practices prohibited
 - c) Covered Housing
 - i) All housing covered; no exemptions
 - d) Enforcement
 - i) File civil action in appropriate court
 - ii) Unlimited damages
3. Federal Fair Housing - 1968 (Title VIII)
 - a) Protected Classes - Sex, race, color, religion, national origin, handicap (mental and physical), familial status
 - b) Prohibited Practices
 - i) Refusal to sell or rent or otherwise deny
 - ii) Discrimination in terms of sale or rental
 - iii) Discrimination in advertising
 - iv) False denial of availability
 - v) "Blockbusting"
 - vi) Different terms for loans - incl. "redlining"

- vii) Varying access to brokers' organizations
 - viii) "Steering"
 - ix) Appraisal report with value impact on any of above
 - x) Making notations indicating discriminatory preferences
 - xi) Coercion, intimidation, interference with any person in exercise of rights
 - xii) Relative to handicap:
 - a) Refusal to make reasonable accommodation in policies
 - b) Refusal to permit reasonable modifications of existing premises at handicapped person's expense
 - c) Failure to design and construct new covered multifamily dwellings, intended for first occupancy after 3/13/91, so as to be handicapped-accessible
- c) Property Covered
- i) Residential property (not commercial)
 - ii) Any type of residential property if:
 - a) Handled by real estate broker (depending on type of property, liability may be only for broker)
 - b) Discriminatory advertising
 - c) Any written notice or statement indicating discriminatory preference
 - iii) Single-Family
 - a) Privately owned with broker
 - b) Privately owned with discriminatory advertising
 - c) Privately owned with more than one house sold in 2 yrs.
 - d) Privately owned with more than three houses owned (dealer)
 - e) Not privately owned (corporate)
 - iv) Multi-Family
 - a) Any five or more unit building
 - b) Two to four units, non-owner occupied
 - c) Two to-four units, owner-occupied (liability for broker only, not owner)
 - v) Covered multifamily dwellings (for design/construction standards - handicap discrimination)
 - a) Buildings of four or more units if one or more elevators
 - b) Ground floor units in other buildings of four or more units
- d) Housing Not Covered
- i) Sale or rental of single family by private individual with three or less properties
 - a) Without a broker
 - b) Without discriminatory advertising
 - c) With no more than one house sold in two years
 - ii) Rental of owner-occupied two to four family (Not covered for owner, covered for broker)
 - iii) Sale/rental of property owned by religious organization

- iv) Private club
- v) Housing for older persons - familial status only
- e) Enforcement of the 1968 Fair Housing Act
 - i) File complaint with HUD
 - ii) File civil action in U.S. District Court
 - iii) Administrative process (Administrative Law Judge or Civil Action)
 - iv) Remedies: civil penalties, damages (actual and/or punitive), injunctive relief

4. Massachusetts General Laws - Chapter 151B

- a) Category #1
 - i) Protected Classes - race, color, religion, national origin, ancestry, sex, age, marital status, veteran history/military status, blindness, hearing impairment, sexual orientation
 - ii) Prohibited Practices
 - a) Same as Title VIII
 - iii) Covered property
 - a) Most residential property
 - b) Commercial space (only on basis of: race., color, religion, national origin, sex, sexual orientation, age, ancestry, handicap, marital status)
 - iv) Major Exemptions (Exemptions apply only to property owners, for real estate agents these exemptions do not apply. Also in the area of discriminatory advertising, these exemptions do not apply in the case of certain protected categories those also protected under Title VIII.)
 - a) Lease of owner-occupied two-family
 - b) Elderly-state/federal funded - age only
 - c) Elderly retirement, 10 acres, 55 yrs - age only
- b) Category # 2
 - i) Protected Class - Public assistance or rental assistance reciprocity
 - ii) Prohibited Practices
 - a) To discriminate in furnishing credit services or rental accommodations; also, to discriminate because of any requirement of such public assistance, rental assistance, or housing subsidy program. (For rental subsidy recipients, discrimination may include the following: Refusal to sign program lease, refusal to make modifications in unit to satisfy state sanitary code, requirement for security deposit in excess of program allowances.)
 - b) Discriminatory advertising.
 - iii) Exemptions - None; all property covered

- c) Category #3
 - i) Protected Class - Children
 - ii) Prohibited Practices
 - a) Refusal to rent, sell or otherwise deny
 - b) includes refusals based on lead paint and other safety concerns
 - c) Discrimination in terms/conditions
 - d) Discriminatory advertising
 - iii) Major Exemptions (Exemptions apply only to property owners, for real estate agents these exemptions do not apply. Also in the area of discriminatory advertising, these exemptions do not apply.)
 - a) Three family or less with elderly (65 yrs or older) or infirm occupant for whom presence of children would be a hardship
 - b) Owner/occupant temporary lease
 - c) Lease of owner-occupied two-family
 - d) Enforcement/Remedies
 - i) MCAD
 - ii) Civil action
 - iii) Injunctive relief, damages, affirmative relief, civil penalties, attorneys' fees for prevailing complainants
 - iv) Broker/salesman licensing enforcement
5. Massachusetts General Laws, Chapter 93
- a) Protected Classes - Race, color, creed, national origin, sex
 - b) Prohibited Practices - All discriminatory practices prohibited
 - c) Covered Housing - All housing may be covered (law unclear)
 - d) Enforcement
 - i) Civil action
 - ii) Punitive damages, compensatory damages, injunctive relief, and attorneys' fees (for successful plaintiffs)
6. Practical Applications and Trends
- a) Examples of cases
 - b) Handling Problem Situations
 - i) Broker's liability for actions of salesmen
 - ii) Agent's liability if working in office with discriminatory listings
 - iii) Handling racial violence/intimidation
 - iv) Responding to information that client may have discriminatory preferences

Additional Consumer Protection Issues

1. Consumer Protection Law - M.G.L. c. 93A
2. Lead Paint Law - M.C.L. c.111 (s. 190-199)
3. Urea Formaldehyde Law (U.F.F.I.) - M.G.L. c.255 s. 21 Brokers Liability c.112 s. 87 AAA 1/2
4. Smoke Detectors - M.G.L. c.148 s.26F
5. Hazardous Waste
 - a) Disclosure and Removal M.G.L. c.21E
 - b) Underground Storage Tank 527 C.M.R. 9.00
6. Asbestos - M.G.L. c.149 s. 6A - Misc. State and Local Board of Health Regulations
7. Radon - Disclosure Obligation
8. Chlordane - Disclosure Obligation
9. Agency Disclosure - 25A C.M.R. s.2.05(15)

Real Estate Salesman's Course - July, 1990
Module 8-3 Hours
Massachusetts License Law

Duties and Powers of Real Estate Board of Registration

- Appointment Authority
- Number and Composition of Board
- Meeting Requirements
- Power of Board
 - Promulgate and Administer
 - Conduct Examinations
 - Examination of Records
 - Hearings and Appeals
 - Suspend Revoke, Refuse to Renew License and Reinstate

Licensing Requirements

Activities Requiring a License

- Sales
- Exchanges
- Purchases
- Rentals/Leases
- Negotiates
- Offers
- Listing
- Options
- Advertises Agency
- Prospecting
- Loan Negotiating
- Apartment Search

Types of License

- Broker and Salesperson
- Corporate vs Individual
- Resident and Non-resident

Eligibility for Licensing

- Classroom Instruction
- Written Examination
- Age Requirement
- Bond
- Broker Experience Requirement
- Residency
- Temporary License on Death of Broker

License Renewal - Term, Fees and Bond

Exemptions to Licensing

- Individual Acting for Themselves
- Salaried Employee/Manager
- Auctioneer
- Trustees
- Public Officer/Employee
- Power of Attorney
- Attorney - Acting for Client
- Court Appointee
- Bank/Credit Union/Insurance Co.

Statutory Requirements Governing Activities of Licensees

Advertising

- Blind Advertising
- Salesperson Ads
- Discriminatory Advertising

Broker Salesperson Relationship

- Independent Contractor vs. Employee
- Salesperson must work for Broker
- Salesperson can't sue Principal
- Salesperson can sue Broker

Commissions

- Agreement of Parties (Principal & Broker)

Disclosure/Conflict of Interest

- Undisclosed Principal (incl. Kin)

Handling of Documents

- Present all Offers
- Distribute Contract to all Parties

Handling of Moneys

- Deposits - Purchase and Rental
- Escrow Account
- Return of Deposit

Net Listings - Define/Illegal

Maintenance of Place of Business

Notify Board of Location (incl. change)

Notify Board of Relationship of all Licensees. Include Start/Stop dates

License Display

Record Keeping

Escrow Documentation

Board Inspection

Legal Advice - Illegal to Recommend Against Use of Attorney

Out of State Property

Registration and Disclosure

Apartment Listing Service Requirements